



Trade and Agriculture **What's at Stake for Alabama?**

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Alabama is an important producer and exporter of agricultural products. In 2000, the State's cash farm receipts totaled \$3.2 billion. As for exports, the State's agricultural sales overseas were estimated at \$402 million in 2000. These exports help boost farm prices and income, while supporting about 5,720 jobs both on and off the farm in food processing, storage, and transportation. Exports remain important to Alabama's agricultural and statewide economy. Measured as exports divided by farm cash receipts, the State's reliance on agricultural exports was 12 percent in 2000.

Alabama's top five agricultural exports in 2000 were:

- # poultry and products -- \$238 million
- # cotton -- \$63 million
- # peanuts and products -- \$23 million
- # live animals and red meats -- \$20 million
- # feeds and fodders -- \$17 million

World demand for these products is increasing, but so is competition among suppliers. If Alabama's farmers, ranchers, and food processors are to compete successfully for the export opportunities of the 21st century, they need *fair trade* and *more open access* to growing global markets.

Alabama Benefits From Trade Agreements

Alabama is already benefitting from a number of agricultural trade agreements. While there is still much to be done, examples of market opportunities for Alabama include:

- # Alabama is one of the largest poultry producers in the United States and broilers account for 50 to 60 percent of the state's total farm receipts. Under the Uruguay Round agreement, Alabama benefits because South Korea eliminated its import quotas on frozen chicken (whole and parts) in 1997, and is progressively reducing its tariffs to between 18 and 20 percent by 2004. These market-opening steps supported a rise in U.S. poultry exports to South Korea from 22,000 tons valued at \$28 million in 1996 to 83,000 tons valued at \$52 million in 2000. The Philippines opened a tariff-rate quota for poultry meat of 16,701 tons in 1998, which will reach 23,500 tons by 2004. This arrangement permitted U.S. poultry exports to rise from 2,700 tons valued at \$3 million in 1997 to 17,000 tons valued at \$14 million in 2000.

Under the North American Free Trade Agreement, Mexico converted its import licensing regime for chilled and frozen poultry to a transitional tariff-rate quota that will be phased out by 2003. From 1993 to 2000, U.S. poultry exports to Mexico rose from 164,000 tons valued at \$188 million to 281,000 tons valued at \$243 million.

- # An important cotton producer, Alabama benefits under the North American Free Trade Agreement with rules of origin that increased demand for U.S. textiles in Canada and Mexico. Mexico's 10-percent tariff on cotton will be eliminated by 2003. This tariff reduction supports U.S. cotton exports to Mexico, which rose from 558,000 bales to 1.5 million bales from marketing year 1995 to 2000.
- # Alabama benefitted as Japan reduced its tariffs on chilled and frozen beef to 38.5 percent, a move that exceeded its Uruguay Round commitment. Japan's imports of U.S. beef rose from 274,000 tons valued at \$1.3 billion in 1994 to 368,000 tons worth \$1.5 billion in 2000. South Korea eliminated its chilled and frozen beef import quotas in 2001, and will reduce its tariffs to 40 percent by 2004. Supported in part by these changes, South Korea's imports of U.S. beef rose from 60,000 tons valued at \$227 million in 1994 to 143,000 tons worth \$506 million in 2000.
- # Under the Uruguay Round agreement, Alabama benefits as South Korea reduces its tariffs on soybean oil by 14.5 percent from 1995 to 2004. The tariff reduction has supported a threefold increase in export volume, with total sales reaching \$32 million in 2000. The Philippines is reducing its tariffs on soybean meal from 10 to 3 percent during the same period. This tariff reduction has supported a 40-percent increase in U.S. soybean meal exports that topped \$160 million in 2000.